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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

October 3, 2001

ECONOMIC STIMULUS: SMALL BUSINESS NEEDS OUR HELP

Dear Colleague:

The senseless terrorist attacks of September 11th have dealt a severe blow to the nation and to our already struggling economy. The Small Business Administration estimates that 14,000 small businesses are within the disaster area in New York alone. These businesses have been directly affected by this national disaster, but the economic impact does not stop there. For months small enterprises and self-employed individuals across the country have been struggling with the slowing economy. The recent terrorist attacks makes their situation even more dire.

In light of these events, I have introduced the Small Business Leads to Economic Recovery Act of 2001 as a comprehensive economic-stimulus package for the small businesses community. This bill contains three broad components to assist directly the nation's small enterprises and self-employed entrepreneurs (a complete description of the bill's provisions is available on our web site at sbc.senate.gov/republican/newbills.html):

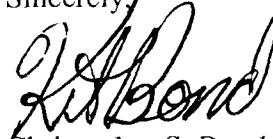
- ***Improved access to capital for small firms.*** The bill defers principal and forgives interest for two years on certain Disaster Relief Loans made by the Small Business Administration. The bill also creates a new one-year loan program to meet the working-capital needs of small enterprises experiencing economic hardship as a result of the recent terrorist attacks and enhances the terms of the SBA's regular 7(a) loans to help small firms recover from the economic down turn.
- ***Tax relief and incentives for small businesses.*** The bill provides significant tax relief to ease the cash-flow pressures currently felt by small enterprises across the nation as well as incentives to promote new investments in equipment, computers, and vehicles. These provisions include increased equipment expensing up to \$100,000; two-year depreciation of computer equipment and software; expansion of the depreciation limit on business vehicles; full deductibility of business meals; and relief from the alternative minimum tax for the self-employed and small corporations. These tax provisions have the added benefit of stimulating the manufacturing, technology and automotive sectors of our economy as well as the restaurant industry, all of which are struggling in the present business environment.
- ***Modification of the procurement rules to ensure that the Federal government shops with America's small businesses.*** With the Federal government spending nearly \$200 billion each year on everything from airplanes to paperclips, small businesses should be

allowed to play a major role. The bill takes steps to provide that small enterprises are awarded these contract opportunities whenever possible, and it will ensure that part of the funds made available through the \$40 billion emergency supplemental package will find its way to small suppliers.

In the end, our goal must be to strengthen the public's confidence in the nation's economy and encourage the business community to continue normal operations and long-term investments. I urge you to join me in making sure that the small business economic engine of this country gets the help it needs to lead the way to recovery.

If you would like to co-sponsor the Small Business Leads to Economic Recovery Act, please call me or have your staff contact Paul Cooksey or Mark Warren on the Small Business Committee at 202/224-4086.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond
Ranking Member